

SENATE BILL 256

By Tracy

AN ACT to amend Tennessee Code Annotated, Section 45-5-301, relative to the rate of interest charged by certain industrial loan and thrift registrants.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 45-5-301, is amended by deleting subdivision (2) and substituting instead the following:

(2)

(A) Charge interest:

(i) On loans where the total amount of the loan is less than one hundred dollars (\$100), at a nominal rate not in excess of seven and one-half percent (7.5%) per annum, deducted in advance, on the total amount of the loan for the full term thereof without regard to the payment schedule; but no interest shall be charged on the loans in excess of a maximum effective rate of eighteen percent (18%) per annum;

(ii) On loans where the total amount of the loan is one hundred dollars (\$100) or more, at a rate not in excess of thirty-six percent (36%) per annum, computed on the first two thousand five hundred dollars (\$2,500) of the loan, thirty percent (30%) per annum computed on that part of the loan above two thousand five hundred dollars (\$2,500) and below five thousand dollars (\$5,000), and twenty-four percent (24%) per annum on that part of the loan above five thousand dollars (\$5,000); and

(iii) On loans made under open-end credit plans, which are plans under which a registrant contemplates repeated loans that may be

without fixed maturities or limitation as to the length of term, and that are subject to prepayment at any time, at any rate not in excess of a maximum effective rate of twenty-four percent (24%) per annum;

(B) All the interest shall be contracted for and computed in accordance with § 45-5-401;

SECTION 2. This act shall take effect upon becoming a law, the public welfare requiring it.